



Compensation Work Session

March 11, 2020

Pay Competitiveness and the Compensation Philosophy

“The intent of the compensation philosophy is to maintain a competitive compensation program in order to attract, retain and motivate qualified employees.”

- Pay programs are intended to be competitive with the average pay of comparator organizations in the primary labor market
- If an average salary falls below market averages to the extent that attracting and retaining qualified employees may be jeopardized, the City will propose action necessary to align the position or classification with the competitive marketplace for implementation in the next fiscal year or sooner

Pay Competitiveness

- \$11.6 million allocated for increased compensation (70% of General Fund operating budget increase)
- Budget includes merit step increases for eligible employees at 5%, 3.5%, or 2.3% (\$4.6M)
- 1.5% competitiveness adjustment to all pay scales = \$3.5M
 - End-of-scale employees will receive a 1.5% increase to base
 - Eligible employees not at end-of-scale will receive a 1.5% increase and merit step increase:
 - $5.0\% + 1.5\% = 6.5\%$
 - $3.5\% + 1.5\% = 5.0\%$
 - $2.3\% + 1.5\% = 3.8\%$

Pay Competitiveness

Targeted competitiveness pay adjustments for several Public Safety job classifications = \$0.8M

- 10% two-grade increase for Police Captains and Lieutenants
- 5% one-grade increase for Firefighters I
- Deputy Fire Chief moved to Executive pay band (+2.8%)
- 5% one-grade increase for Deputy Sheriff Captains and Lieutenants
- Chief Deputy Sheriffs moved to Executive pay band (+2.8%)
- General Scale major studies underway:
 - DCHS benefits
 - T&ES, RPCA, and DGS trades positions

Pay Competitiveness

Summary of FY 2021 Compensation Funding Increase:

	<u>\$ millions</u>
• Merit steps	4.6
• 1.5% pay scale adjustment	3.5
• Public Safety targeted adjustments	0.8
• Employer share of increased health insurance (Kaiser)	0.4
• Reducing employee share of health for those earning \$70,000 or less per year	0.4
• Fully funding the Work N' Well Program	0.4
• Increased employer share cost for VRS	<u>1.5</u>
	11.6

Pay Competitiveness

History of Pay Adjustments

	General	Police	Fire/Medics	Sheriff	All pay scales*
FY 2016	None	<ul style="list-style-type: none"> 4.5% pay scale adjustment Additional one-grade increase (5%) for Police Officers I, II, and Lieutenants 	None	None	<ul style="list-style-type: none"> Step increases
FY 2017	None	None	<ul style="list-style-type: none"> 2.5% Fire pay scale adjustment Additional one-grade increase (5%) for Fire Lieutenants, Captains, Battalion Chiefs and Deputy Chiefs 	None	<ul style="list-style-type: none"> Step increases Living wage increase from \$13.13 to \$14.13
FY 2018	None	None	<ul style="list-style-type: none"> Fire dual role bonus 	None	<ul style="list-style-type: none"> Step increases Additional step at end of pay scale
FY 2019	None	<ul style="list-style-type: none"> 6.22% pay scale adjustment 	<ul style="list-style-type: none"> 5% Fire and Medics pay scale adjustment 	<ul style="list-style-type: none"> One-grade increase (5%) for Sheriff Deputies I, II, Lieutenants, and Captains 	<ul style="list-style-type: none"> Step increases Living wage increase from \$14.13 to \$15
FY 2020	None	None	None	<ul style="list-style-type: none"> 2.29% Sheriff pay scale adjustment Conversion to VRS-EHDB Plan 	<ul style="list-style-type: none"> Step increases Shift differential increases and CDL supplement
FY 2021 Proposed	<ul style="list-style-type: none"> 1.5% General pay scale adjustment 	<ul style="list-style-type: none"> Two-grade increase (10%) for Police Lieutenants and Captains 1.5% Police pay scale adjustment 	<ul style="list-style-type: none"> One-grade increase (5%) for Fire Fighters I Deputy Fire Chief moved to Exec pay band (2.8%) 1.5% Fire and Medics pay scale adjustment 	<ul style="list-style-type: none"> One-grade increase (5%) for Sheriff Deputy Lieutenants and Captains Chief Deputy Sheriffs moved to Executive pay band (2.8%) 1.5% Sheriff pay scale adjustment 	<ul style="list-style-type: none"> Step increases

* Over the 5-year period, Executive pay bands I and II were adjusted for competitiveness in FY2020 (no salary increase).



Pay Competitiveness: Proposed Budgets in the Comparators

Jurisdiction	Merits	COLA/MRA	Pay Scale Adjustments
Alexandria	2.3%, 3.5%, or 5% (one-step)	None	All Scales - 1.5%
Arlington County	General - 3.5% Public Safety - 5.5%	1% Public Safety Hired FY18 and Before	General & Public Safety pay scale ranges' minimum and maximum increase - 5%
Fairfax County	General - 2.0% Public Safety - 2.25%	2.06% COLA to General and Public Safety, applied in the form of pay scale adjustment	2.06% (COLA)
Loudoun County	General - 3.5% Public Safety - One Step (3-5%)	None	None
Montgomery County	Budget Pending Mid-March		
Prince George's County	Police - 2-3.5% depending on rank All others - 3.5%	General, Public Safety Civilians and Police - 1.5% Deputy Sheriffs - 1.25% Fire and Corrections - 2%	None
Prince William County	3.50%	None	Adjustments to maximums of only 3 grades - B21, C41, and D61 to better align maximums between the adjacent higher and lower grades.



Pay Competitiveness

City of Alexandria Comparators

- Traditional comparators = Arlington, Fairfax, Prince William, Prince George's, and Montgomery Counties
- General Service and Police = All traditional comparators
- Fire and Sheriff = Arlington, Fairfax, Prince William and Loudoun Counties

Pay Competitiveness Methodology

- Collect comparator pay ranges by job title
- Determine comparator group based on most appropriate matches to classification series
- Compare pay ranges with a focus on the midpoint
- Discuss with employee groups

Pay Competitiveness: Police

Results of Traditional Comparator Benchmark Study

Benchmark Results After Proposed Increases to Police Pay Scale**

Classification Title	Average Midpoint
POLICE CAPTAIN	-9.86%
POLICE LIEUTENANT	-10.21%
POLICE SERGEANT	-1.78%
DETECTIVE III*	
DETECTIVE II*	
DETECTIVE I	-0.06%
POLICE OFFICER IV	-3.03%
POLICE OFFICER III	-2.47%
POLICE OFFICER II	-5.02%
POLICE OFFICER I	0.38%
Alexandria Deviation-Police Classifications	-4.01%

Classification Title	Average Midpoint
POLICE CAPTAIN	1.82%
POLICE LIEUTENANT	1.25%
POLICE SERGEANT	-0.28%
DETECTIVE III*	
DETECTIVE II*	
DETECTIVE I	1.42%
POLICE OFFICER IV	-1.51%
POLICE OFFICER III	-0.96%
POLICE OFFICER II	-3.46%
POLICE OFFICER I	1.85%
Alexandria Deviation-Police Classifications	0.02%

* No equivalent matches identified in the comparator market.

**Reflects proposed 1.5% increase to all pay scales in FY21.

Pay Competitiveness: Sheriff

Results of Northern Virginia Comparator Benchmark Study Benchmark Results After Proposed Increases to Sheriff Pay Scale*

Classification Title	Average Midpoint
CHIEF DEPUTY SHERIFF**	-20.17%
DEPUTY SHERIFF - CAPTAIN	-4.28%
DEPUTY SHERIFF - LIEUTENANT	-6.28%
DEPUTY SHERIFF - SERGEANT	-1.61%
DEPUTY SHERIFF IV	-0.72%
DEPUTY SHERIFF III	-3.57%
DEPUTY SHERIFF II	0.04%
DEPUTY SHERIFF I	-0.56%
Alexandria Deviation-Sheriff Classifications	-4.64%

Classification Title	Midpoint
DEPUTY SHERIFF - CAPTAIN	2.15%
DEPUTY SHERIFF - LIEUTENANT	0.00%
DEPUTY SHERIFF - SERGEANT	-0.11%
DEPUTY SHERIFF IV	0.77%
DEPUTY SHERIFF III	-2.04%
DEPUTY SHERIFF II	1.52%
DEPUTY SHERIFF I	0.92%
Alexandria Deviation-Sheriff Classifications	0.46%

* Reflects proposed 1.5% increase to all pay scales in FY21.

** Classification is proposed to move to the Executive pay scale.

Pay Competitiveness: Fire*

Results of Northern Virginia Comparator Benchmark Study

Classification Title	Average Midpoint
DEPUTY FIRE CHIEF**	-12.18%
FIRE BATTALION CHIEF	-3.43%
FIRE CAPTAIN	-2.93%
FIRE LIEUTENANT	-1.64%
FIRE FIGHTER IV	4.50%
FIRE FIGHTER III****	-9.15%
FIRE FIGHTER II	-4.31%
FIRE FIGHTER I	-9.52%
Alexandria Deviation-Fire Classifications	-4.83%

Benchmark Results After Proposed Increases to Fire Pay Scale***

Classification Title	Average Midpoint
FIRE BATTALION CHIEF	-1.90%
FIRE CAPTAIN	-1.41%
FIRE LIEUTENANT	-0.14%
FIRE FIGHTER IV	5.91%
FIRE FIGHTER III****	-7.54%
FIRE FIGHTER II	-2.77%
FIRE FIGHTER I	-2.77%
Alexandria Deviation-Fire Classifications	-1.52%

* Calculations are based on annual salary comparisons.

**Classification is proposed to move to the Executive pay scale.

***Reflects proposed 1.5% increase to all pay scales in FY21.

**** Corrected - While the deviation is greater than +/-5% of the average midpoint, the classification continues to be aligned internally based on the design of the classification series

Pay Competitiveness: Fire Marshal/Medics

Results of Northern Virginia and Traditional Comparator Benchmark Study

Classification Title	Average Midpoint
ASSISTANT FIRE MARSHAL	8.41%
DEPUTY FIRE MARSHAL III	-2.94%
DEPUTY FIRE MARSHAL II	5.03%
DEPUTY FIRE MARSHAL I	4.00%
EMS OPERATIONS MANAGER	7.44%
FIRE LIEUTENANT	
EMS CAPTAIN/SUPERVISOR	7.97%
MEDIC IV	6.86%
MEDIC III	9.55%
MEDIC II	12.82%
Alexandria Deviation-Fire Marshal & Medic Classifications	6.57%

Benchmark Results After Proposed Increases to Fire Marshal/Medic Pay Scale*

Classification Title	Average Midpoint
ASSISTANT FIRE MARSHAL	9.76%
DEPUTY FIRE MARSHAL III	-1.42%
DEPUTY FIRE MARSHAL II	6.43%
DEPUTY FIRE MARSHAL I	5.42%
EMS OPERATIONS MANAGER	8.81%
FIRE LIEUTENANT	
EMS CAPTAIN/SUPERVISOR	9.33%
MEDIC IV	8.23%
MEDIC III	10.89%
MEDIC II	14.11%
Alexandria Deviation-Fire Marshal & Medic Classifications	7.95%

* Reflects proposed 1.5% increase to all pay scales in FY21.

Pay Competitiveness: General Schedule

Results of North Virginia Comparator Benchmark Study*	-4.06%
Benchmark Results After Proposed 1.5% Increases**	-2.52%

*Benchmark results are based on survey of 177 job classifications

**The 1.5% increase covers 2,308 employees

Health Insurance

- Reduced employee health insurance premium from 20% to 15% for employees making less than \$70,000 who elect the United HealthCare Choice Plan or the Kaiser DHMO
 - About 1,000 employees impacted
 - Eligibility is determined by base salary at time of enrollment and is effective until next enrollment cycle
- Creation of Employee + Child(ren) Tier
 - Lower cost for families with one adult, phase-in of increase to 2-adult couples and families over 3 years

Health Insurance

- UHC (self-insured)
 - No change for the second year
 - One-month premium holiday due to FY19 cost experience
- Kaiser (fixed-cost)
 - 5% aggregate increase (initial proposal was 10.1%)
 - Pre-deductible services added for Kaiser providers under the DHMO Plan
 - Adding Kaiser CDHP plan option – 15% health insurance premium, HSA contribution of \$600 Single/\$1,200 Family

Medical Plan Employee Premium Changes from FY20 to FY21

Employee earning \$70,000 or less (UHC Choice)

	FY20	FY21	Monthly	Annual
EE	\$148	\$112	-\$36	-\$433
EE+Sp	\$297	\$228	-\$69	-\$822
EE+Ch(ren)	N/A	\$191	-\$106 to -\$190	-\$1,271 to -\$2,286
EE+Family	\$381	\$304	-\$78	-\$930

Medical Plan Employee Premium Changes from FY20 to FY21

Employee earning more than \$70,000 (UHC Choice)

	FY20	FY21	Monthly	Annual
EE	\$148	\$150	\$1	\$16
EE+Sp	\$297	\$304	\$8	\$91
EE+Ch(ren)	N/A	\$255	-\$42 to -\$127	-\$507 to -\$1,522
EE+Family	\$381	\$405	\$24	\$285

Other Benefits

- Full-year funding of Work 'N Well employee wellness program
 - \$50 per month incentive for each quarter Level 3 is achieved – up to \$600/yr
 - Nearly 50% of employees are participating and >660 employees are currently receiving the incentive
- More flexible use of 6-week parental leave
 - Intermittent leave permitted for up to six months (from 12 weeks)
 - ~150 employees have used so far, 60% male, primarily Public Safety

Other Benefits

- Police and Fire sworn employees will be added to Long Term Disability Plan
- Life Insurance – rates allocated to be consistent with risks:
 - City Basic Life increasing 15% for actives and retirees
 - Active Supplemental Life decreasing 15% (from \$.31/\$1,000 to \$.266/\$1,000) and allowing one-time open enrollment to buy without evidence of insurability
 - Retiree Supplemental Life increasing 15% each year for 3 years (from \$.286/\$1,000 to \$.33/\$1,000 in FY21), but partially offset by lower imputed income and tax impact (Cost impact varies based on amount of insurance, age and tax rate)

Active Life Insurance Rate Change

Pay	\$ 35,000	\$ 55,000	\$ 70,000
Current rate/year	\$ 130	\$ 205	\$ 260
New rate/year	\$ 112	\$ 176	\$ 223
Annual savings 1x	\$ 18	\$ 29	\$ 37
Annual savings 2x	\$ 37	\$ 58	\$ 74

Other Benefits

- Dental Plan (employees pay 100% of costs)
 - DMO - no increase
 - PPO – 4.1% increase
- Vision Plan – no increase (employees pay 100% of costs)
- Creation of Employee + Child(ren) Tier for Dental and Vision

Other Benefits

- Mandated VRS retirement funding increases (employer share)
 - From 7.74% to 8.93% for General Schedule employees, Medics and Fire Marshals
 - From 17.85% to 20.59% for Deputy Sheriffs' VRS-EHDB
 - Cost to employer = \$1.5 million annually
- Reestablish employee down payment assistance loan program for City and ACPS employees to buy and own condominiums or homes in the City
 - \$15,000 for employees with a household income of 80% of AMI or below
 - \$11,500 for employees with a household income between 80% and 120% of AMI
 - \$7,500 for employees with a household income greater than 120% of AMI

Upcoming Dates

- Accountable, Effective & Well-Managed Government and Healthy & Thriving – March 18
- Livable, Green, & Prospering City – March 25
- Deadline for submitting Budget Questions – March 27
- Safe, Secure & Just Community - April 1
- Notice of intent for add/delete proposals requiring an ordinance - April 6
- Add/Delete Proposals due - April 16
- Add/Delete & Property Tax Rate Public Hearings - April 18